(REVISED 12-14-07)

AGENDA

Stadium Authority Meeting 99-500 Salt Lake Boulevard Aiea, Hawaii 96701 December 20, 2007 10:00 a.m.

- I. Call to Order
- II. Approval of Minutes of November 29, 2007
- III. Monthly Report
 - A. Chairman's Report
 - B. Stadium Manager's Monthly Report
 - C. Approval of Events
 - 1. UH Rainbow Marching Band November 10, 2008 (Monday)
 - Sports Car Club of America
 July 13 & 20, 2008 (Sunday)
 August 3, 17 & 31, 2008 (Sunday)
 September 28, 2008 (Sunday)
 - 3. Punish UM Motorsports, Inc.
 Lower Halawa Parking Lot
 Request to reschedule November 17-18, 2007,
 to January 26-27, 2008 (Saturday & Sunday)
 - D. UHAD Monthly Report
 - E. Centerplate/Swap Meet Monthly Report
- IV. Unfinished Business- Discussion and Appropriate Action
 - A. Aloha Stadium Advertising Contract- Report, discussion and action from the sub-committee on a recommendation for a new "RFP" for the advertising contract for Aloha Stadium.
 - B. Stadium Repair Work-Report on the progress of the stadium repair project.

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- C. Aloha Stadium Swap Meet Recommendation from stadium manager to approve the extension of Centerplate's management of the Aloha Stadium Swap Meet.
- D. Aloha Stadium Swap Meet-Report, discussion and action from the sub-committee on a new "RFP" for the management contract of the Aloha Stadium Swap Meet.
- V. New Business- Discussion and Appropriate Action
 - A. Application for Events- Discussion and action to add "tax clearance" to the form "Application For Use of Aloha Stadium Facilities."
- VI. Next Meeting January 31, 2008
- VII. Adjournment



An Agency of the State of Hawaii

Stadium Authority Meeting 99-500 Salt Lake Boulevard Honolulu, Hawaii 96818 December 20, 2007

Members Present

Kevin Chong Kee, Chairman

Marvin Fong

Kathryn Inouye

Alexander Kane, Jr.

Marcia Klompus

Kenneth Marcus

Nelson Oyadomari

Staff

Scott Chan

Lois Manin

Deborah Ishihara

Stephen Lee

Andrew Chang

Members Absent

Kay Ahina

Liane Nakagawa

Shawn Nagata

Vinny Browne

Alan Tamayose

Others

John Dellera, Deputy Attorney General
Russ Saito, DAGS, Comptroller
Kerry Yoneshige, DAGS
Davy Maruyama, Centerplate
Farah Cabrera, Centerplate
Sam Shenkus, Centerplate's Marketing Consultant
Carrie Kealoha, Representative Lynn Finnegan's Office
Curtis Lee, SCCA Hawaii Solo
Jennifer Parker, SCCA Hawaii Solo
Tracy Arakaki – Punish UM Motorsports

I. CALL TO ORDER

A quorum being present, Chairman Kevin Chong Kee called the meeting to order at 10:05 a.m.

II. <u>APPROVAL OF MINUTES OF THE NOVEMBER 29, 2007 MEETING.</u>
Member Marvin Fong noted on Page 4, III. C., that no vote was recorded for the motion. Deputy Attorney General John Dellera stated the motion was carried unanimously.

ON A MOTION BY MEMBER ALEXANDER KANE, JR. TO ACCEPT THE MINUTES OF THE NOVEMBER 29, 2007 MEETING AS CORRECTED, AND SECONDED BY MEMBER MARVIN FONG, THE BOARD UNANIMOUSLY APPROVED THE MOTION.

III. MONTHLY REPORT

A. Chairman's Report

Chairman Kevin Chong Kee extended his holiday greetings to everyone.

B. <u>Stadium Manager's Monthly Report</u>

<u>Public Responses/Concerns received by Representative Lynn Finnegan's</u>
Office

Representative Lynn Finnegan requested that Manager, Scott Chan address the following issues with the Board which she received from the general public:

- 1. Poor fan behavior at stadium events due to alcohol consumption; and a request to have a designated seating area for alcohol consumption similar to the present non-alcohol section.
- 2. Expressed unhappiness with the increase in the admission fee (\$1/person) to the Swap Meet.

Mr. Chan informed the Board that these comments are well taken and will assist the stadium staff in their continued efforts to improve the stadium facilities for its valued customers.

<u>Position Description (PD) for a Marketing and Information Specialist</u> Requested comments/questions by the Board.

After reviewing the position description, Board members noted the responsibilities were not clear and that it was their understanding that the public relations and media relations responsibilities were now covered by Deputy Manager Lois Manin; they also expressed that there seems to be an

overlap in the responsibilities of the deputy manager and the marketing positions.

Manager Chan assured the Board that the PD has not been finalized and management is presenting it to them for their suggestions and advice.

Deputy Manager Manin said she assisted in developing the PD and although she has the expertise with the media and public relations work, those responsibilities were not tailored to her, specifically, as deputy manager. Ms. Manin also stated that they are primarily looking for a sales and marketing person and that she will still handle the news media when that person is hired; but, the intent was to make sure that in a situation where a manager or deputy manager lacked the expertise in media/public relations, that the marketing person would also be able to assist when needed.

Manager Chan stated as soon as Deputy Manager Manin is fully acclimated in her position, he will require her to become involved in other areas of high priority. One being the Swap Meet, one of our major clients, which requires someone on the job 24/7 to address immediate issues and its goals and objectives.

The Board recommended that the PD be revised with a better description of its intended responsibilities so that it will be understood by the persons applying for the position.

Manager Chan stated he will entertain the Board's comments and concerns with his staff and present a revised PD at the next meeting.

Chairman Chong Kee advised the Board he will add this matter to the January agenda under new business.

C. Approval of Events

1. UH Rainbow Marching Band November 10, 2008 (Monday)

A MOTION WAS MADE BY MEMBER KANE AND SECONDED BY MEMBER INOUYE TO APPROVE THE EVENT. THE MOTION CARRIED UNANIMOUSLY.

Sport Car Club of America
 July 13 & 20, 2008 (Sunday)
 August 3, 17 & 31, 2008 (Sunday)
 September 28, 2008 (Sunday)

A MOTION WAS MADE BY MEMBER KLOMPUS AND SECONDED BY MEMBER OYADOMARI TO APPROVE THE EVENTS. THE MOTION CARRIED UNANIMOUSLY.

3. Punish UM Motorsports, Inc.
Lower Halawa Parking Lot
Request to reschedule November 17-28, 2007 to
January 26-27, 2008 (Saturday & Sunday)

Manager Chan announced to the Board that Tracy Arakaki was present to answer any questions that they may have.

Chairman Chong Kee informed Mr. Arakaki that the Board was interested in receiving a confirmed date for his event.

Mr. Arakaki stated that the date was still tentative because they are still in negotiations with the drivers; he also said they anticipate the vehicles arriving sometime in January, 2008.

Manager Chan noted it was his understanding from the previous meeting that a definite date of the event was required at today's meeting, or a new application would have to be submitted when a new date was established.

Mr. Dellera confirmed that last month the Authority gave direction to the Manager that they did not want the event to go beyond the month of February.

Member Marcus stated it was his understanding that the manager will work with them in the hopes they would have a date by this meeting but it was not a requirement. He recommended that Mr. Chan continue working with them in reaching a definite date.

Member Klompus requested that the Board be informed if the dates requested are confirmed, since it will occur prior to the next meeting.

Members Inouye and Marcus recommended that the minutes concerning the event date be amended.

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER KLOMPUS TO AMEND THE NOVEMBER 29, 2007 MOTION ON PAGE 4, III.C. OF THE MINUTES TO READ:

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER ALAN TAMAYOSE TO RESCHEDULE THE DRIFTING EVENT BY THE END OF FEBRUARY, 2008 AND THE STADIUM MANAGER REQUEST THAT THE DATE BE SUBMITTED TO THE BOARD AT ITS NEXT MEETING ON DECEMBER 20, 2007. THE MOTION CARRIED UNANIMOUSLY.

Member Inouye requested that once the date is set, a notification to the public be sent out. Member Klompus added that Representative Lynn Finnegan's office should also be notified.

D. <u>UHAD Monthly Report</u>

No report submitted.

E. Centerplate/Swap Meet Monthly Report (report distributed)

Farah Cabrera reported:

- Swap Meet began its holiday hours, with free admission (Dec. 15, 16 and Dec. 19-24, 2007).
- In an effort to increase attendance and sales, Centerplate has done extensive advertising through newspaper, radio and internet ads (as noted in their December Newsletter and ad samples handed out).
- Ms. Cabrera also noted in cooperation with Stadium Management, Centerplate and Sheraton Hawaii Bowl, it was agreed that the Swap Meet would remain open during the Hawaii Bowl game. Mr. Chan said it was very important to the vendors and its customers that it remain open during one of its busiest shopping days of the year. On that day, the Swap Meet will be relocated to the Upper Halawa Parking Lot, in a new configuration.

The Board inquired if the new configuration will affect sales and has the public been notified of the change. Manager Chan and Deputy Manin noted that a press release on the Hawaii Bowl Game will be published, and a brief statement will be made to inform the public about the Swap Meet. Mr. Chan said many long hours were spent by management and Centerplate, addressing all of the concerns and sensitive

issues pertaining to the change. A report will be provided to the Board at the next meeting.

Member Klompus proposed the idea of the Swap Meet offering admission-free days to the military as a way to increase attendance and honoring the military.

Centerplate's Marketing Coordinator, Sam Shenkus informed the Board of Centerplate's advertising efforts:

- Advertisements in all of the military publications
- Balance the local shoppers as well as the needs of the visitor shoppers
- Back-to-school sales.

IV. UNFINISHED BUSINESS – DISCUSSION AND APPROPRIATE ACTION

A. Aloha Stadium Advertising Contract – Report from the sub-committee on a recommendation for a new "RFP" for the advertising contract for Aloha Stadium.

Chairman Chong Kee said prior to asking Member Marcus to give his report, he wanted to inform the Board that, according to the Sunshine Law, any deliberations or discussions pertaining to the RFP will not be allowed at this meeting. He further stated that he spoke with an attorney from the Office of Information Practice and that the Board can only entertain questions relating to the clarification of what is being written on the RFP. All further discussions will have to take place at the January meeting.

Member Inouye inquired and Mr. Dellera confirmed that the wording on the agenda should have read: "a report from the subcommittee, rather than discussion and action."

Comptroller Saito asked Mr. Dellera if the Sunshine Law applied to sub-committees or to investigative committees. Mr. Dellera noted this is an investigative committee; the three members were given the task of revising the RFP and the statutes say that they may do so in private – they do not have to do so in a public meeting. Mr. Dellera advised the Board, however, that to the greatest extent possible, they defer their questions and answers to the next meeting to reduce the risk that a protest could be filed based upon a violation of the Sunshine Law.

<u>Advertising RFP Report – Member Kenneth Marcus:</u>

- <u>Initial Goal</u> create the basis for an RFP for a new advertising contractor. Discussed a variety of goals.
- <u>First Effort</u> define the inventory locate the advertising areas. Committee needs additional inventory information from Manager Chan.

Regarding field advertising – had some discussions with UH and they indicated those were important parts of their corporate advertising program. Due to the end of the season and for lack of enough information from UH, that inventory was kept out of the proposal; committee reserves the right to put it back in the proposal if the inventory does not belong to UH.

- <u>Second</u> Identify what is required of the selected contractor responsibilities include finding advertisers in general for the stadium and generate revenue (similar to Hawaii Malls' contract). Also, limiting the advertising period, respecting the existing exclusive that runs until June or July, 2008 in some instances.
- <u>Third</u> In an effort to assure the Board that the contractor will follow through with its commitments, the committee is attempting to achieve:
 - 1. Ask Offeror to guarantee a certain minimum; structured with a first year guarantee and a percentage of increase for each year during the term.
 - 2. <u>Term of Contract</u> increase the term to five years.
 - 3. Advertising upgrade the way in which advertising is presented at the stadium. The committee sees many opportunities to do much more, but will require some investments to accomplish that.
 - 4. Capital Improvements invite the Offeror to spend money to make capital improvements to the stadium with a minimum of \$5.0 million. Suggestions: scoreboard at the south end; sky boxes; exterior signage; additional seating in the bridge gap areas; multi-deck parking structure (using the walls for advertising purposes); upgrade the closed circuit TV system, etc. If capital improvements are made, the term would be extended to ten years at the end of

the term, the improvements would revert back to the stadium.

Member Klompus stated there would be one stipulation to capital improvements – that there would be no loss in seating. Also, this does not include sales at the Swap Meet which would be a separate RFP (another opportunity for more revenue).

Note: For discussion at the next meeting – decide if Offeror will be required to pay the entire annual guarantee in advance or spread it over the course of the years.

- 5. <u>Reporting Requirements</u> Offeror will be required to provide regular reports and attend meetings upon request.
- 6. <u>Termination for Convenience</u> a clause in the contract will be provided returning the unamortized portion of Offeror's investments, including any unpaid return at the rate they have described at that point.
- 7. Point Assignments to the Contract

25 pts. – for the guarantee

20 pts. - rate of increase

15 pts. – percentage split between two parties

25 pts. – for improvements

5 pts. - required rate of return

20 pts. - Offeror's experience

10 pts. - marketing proposal

5 pts. - projected revenues

- <u>Issuance & Evaluation of RFP</u> The State Procurement Office (SPO) will assist in finalizing, publishing and dissemination as required of the RFP according to law.
- Evaluation Committee has asked SPO to delegate the evaluation responsibility to Manager Chan. Comptroller Saito commented and clarified the RFP process. He explained that the selection is done in one of two ways. It is either done by a selection committee which the procurement officer (Manager Chan) identifies, or, by the

procurement officer (Manager Chan). If he delegates the authority to the selection committee, he must accept the committee's selection; he is not able to change their decision. He indicated, it would be to Manager Chan's benefit, and he will make the recommendation to Mr. Chan to use a selection committee (he will be able to recommend who should be on that committee).

• RFP vs. Invitation for Bid – Comptroller cautioned everyone to be very careful and stay away from using the term "bid" during this RFP process. He explained the difference: 1) Invitation for Bid – is a request for sealed bids and is just about the price (low bidder wins); 2) RFP – is a competitive seal of proposals "best value."

Chairman Chong Kee said he will add the RFP to the January agenda. Mr. Dellera advised Mr. Chong Kee to add "deliberation and decision making."

B. Stadium Repair Work – Report on the progress of the stadium repair project

Comptroller Saito provided the Board with a two-page handout of the capital improvement funding that is being requested in the supplemental budget submittal to the Governor. He reviewed with the Board:

- Funds that have already been appropriated (\$12.4 million)
- Funds that are being requested at the upcoming session (\$25.8 million)
- Future appropriations \$145.0 million to complete the refurbishment (it was previously \$100.0 million, but this amount reflects escalating costs of all the delays beyond 2005)

Comptroller said he is hopeful in obtaining approval of the \$25.8 million.

Member Inouye stated she has questions on the future appropriations and the request by our Congressman for a master plan over the next 20 years. Comptroller Saito said the focus on the Congressional level is on mass transit, which is completely separate to what we are working on; he did mention, however, that it may be possible to tie in a multi-deck parking structure to mass transit. Member Inouye requested and Comptroller agreed that an internal meeting should be scheduled prior to meeting with the Congressman. The purpose of the meeting is to gain support for future funding.

C. Aloha Stadium Swap Meet – Recommendation from stadium manager to approve the extension of Centerplate's management of the Aloha Stadium Swap Meet.

Manager Chan presented the Board with a fact sheet showing the achievements reached by the previous management firm and by Centerplate, its current management firm. He noted all goals set by the Board in its 2003 bid specifications have been met by Centerplate. Based on those achievements, he recommended that the Centerplate management contract for the Aloha Stadium Swap Meet be extended until 2009.

A MOTION WAS MADE BY MEMBER FONG AND SECONDED BY MEMBER KANE TO APPROVE THE EXTENSION. THE MOTION CARRIED UNANIMOUSLY.

D. Aloha Stadium Swap Meet – Report, discussion and action from the subcommittee on a new RFP for the management contract of the Aloha Stadium Swap Meet.

Chairman Chong Kee deferred discussion on this matter until the January 31, 2008 meeting.

- V. NEW BUSINESS Discussion and Appropriate Action
 - A. Application for Events Discussion and action to add "tax clearance" to the form "Application For Use of Aloha Stadium Facilities."

A MOTION WAS MADE BY MEMBER KLOMPUS THAT A TAX CLEARANCE CERTIFICATE BE REQUIRED AFTER THE BOARD APPROVES AN EVENT AND BEFORE THE EVENT TAKES PLACE. NO ACTION WAS TAKEN ON THE MOTION.

Deputy Attorney General John Dellera said he wrote a letter to the Board with the conclusion that the Stadium Authority does not have the legal authority to impose a tax clearance requirement. He also stated the tax clearances are imposed by the Department of Taxation and the law currently requires a tax clearance certificate for procurement contracts with the State (purchase of goods and services).

Board Members Klompus, Inouye and Marcus continued with their discussions on the importance of requiring a licensee to submit a tax clearance prior to holding an event at the stadium.

Mr. Dellera stated his main concern is that because the Legislature has specifically required tax clearance certificates for certain classes of contracts, the implication is that it has not required them for other contracts, including license agreements and advertising contracts with the Stadium Authority, so the question would be under that statutory scheme, what is the legal basis for the Stadium Authority to impose a tax clearance requirement. His conclusion was that in the absence of a specific statute giving the Stadium authority the right to require a tax clearance certificate before it makes the facilities available, he does not feel the Stadium has the legal authority to do that. Mr. Dellera also stated that the proposal would require formal rulemaking.

Comptroller stated they require a tax clearance because DAGS does not want to do business with people who are not fulfilling their obligations. He feels it would not be right to allow a licensee who owes the State money, to have an event at the Stadium. He also said there is a law that says in order to do business in Hawaii, you have to pay your taxes.

Manager Chan explained that the Stadium has never experienced a problem. Based on prior events, licensees are required to submit a deposit which sufficiently covers out-of-pocket expenses as well as the 4.5% General Excise Tax.

Comptroller Saito agreed to ask the Department of Taxation if they would be willing to issue tax clearances for stadium uses and will report to the Board at the January 31, 2008 meeting.

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER FONG THAT IN CONNECTION WITH ANY CONTRACT WITH THE STADIUM WHERE THE AMOUNT IS IN EXCESS OF \$10,000 (INCLUDING EXPENSE REIMBURSEMENTS) A TAX CLEARANCE CERTIFICATE WILL BE REQUIRED (UNLESS THE TAX DEPARTMENT REFUSES TO ISSUE ONE).

PRIOR TO A FINAL VOTE, THE MOTION WAS WITHDRAWN BY MEMBER MARCUS WITHOUT OBJECTION.

VI. NEXT MEETING

January 31, 2008

VII. ADJOURNMENT

12:05 p.m...

KEVIN CHONG KEE

Chairman

Recorded by:

Diana Ho

Approval Date:

January 31. 2008